

Childcare Working Group Recommendations

Opportunities for Improving Childcare in
Houston – Harris County

February 9, 2022

~8% of Harris County is children <5 a quarter of those live in poverty

Shortage



360K CHILDREN 0- 4, COMPETE FOR APROX.
185K SPOTS*

Unaffordable



CHILDCARE FOR TWO CHILDREN, AN
INFANT AND A 4-YEAR-OLD COSTS
APPROXIMATELY \$16,386. THAT'S 28.6%
MORE THAN AVERAGE IN TEXAS.

Failed education



AMONG THE 49,340 KINDERGARTNERS
WHO TOOK KINDERGARTEN READINESS
ASSESSMENTS IN HARRIS COUNTY, ONLY
47% MET THE NECESSARY STANDARD

*reflects licensed or registered childcare facilities

Background & situational analysis
Proposed solutions and budget
Timeline & next steps
Appendix

Children, parents, child care providers, and the child care workforce have all been drastically impacted by the pandemic.

The City-County child care task force has engaged a broad spectrum of stakeholders to understand the current landscape and develop recommendations.
















Recommended initial portfolio:

Four initial strategic investment categories, with allocations totaling **approximately \$72 million**, for further development:

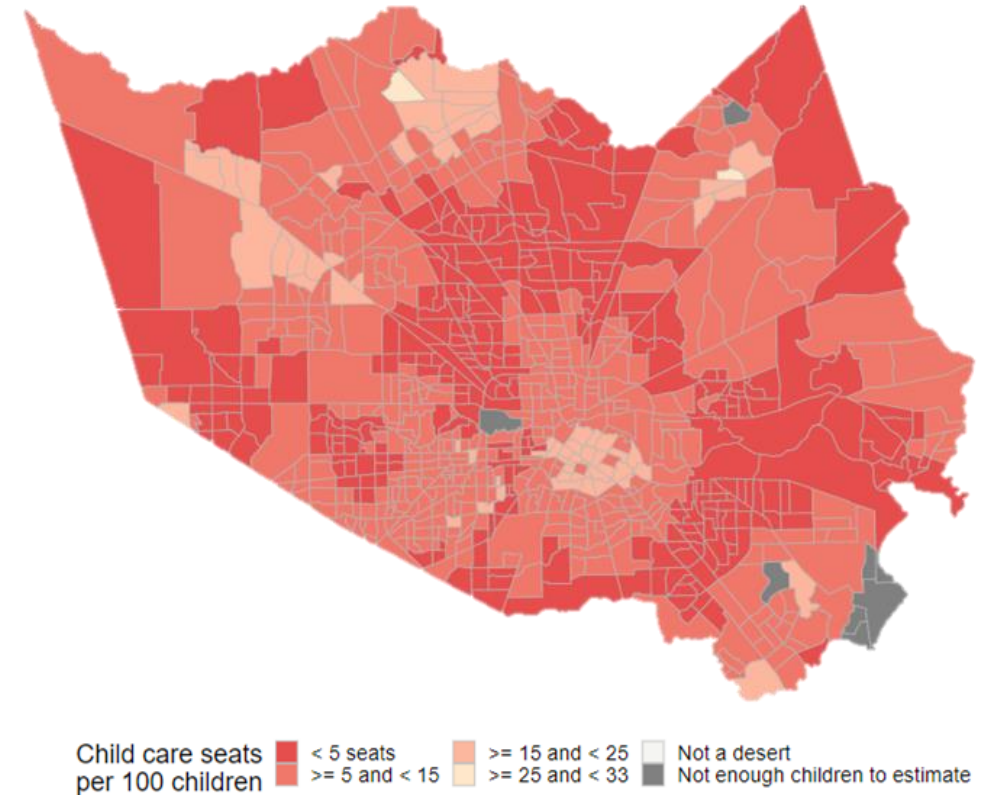
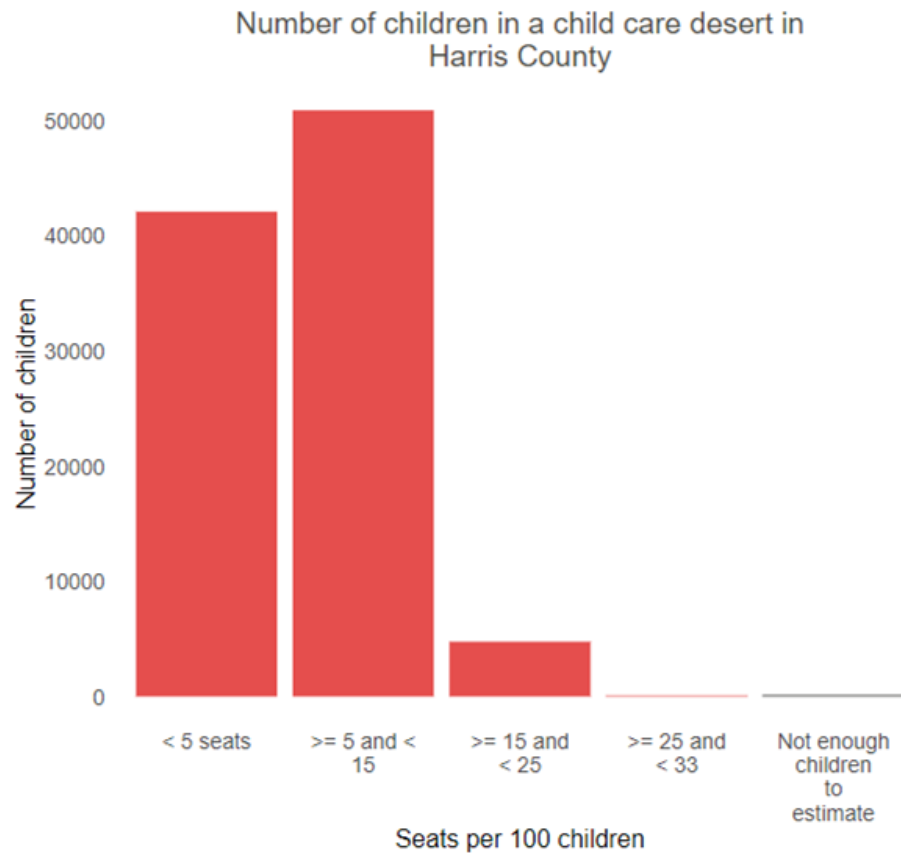
- Expanding supply and utilization of affordable, quality seats
- Improving provider quality
- Home-based child care provider support and expansion
- Child care subsidy navigation and technology

Background & Situational Analysis

Background | Child care has been broken for decades; the pandemic exacerbated its flaws and inequities

		Children	Parents	Workers	Providers
System Flaws	{	Backlogged child care subsidy application process is inaccessible for parents trying to (re)enter the workforce			
					
Lack of Access	{	High-quality providers in child care deserts have unmet capacity that isn't being matched with demand			
					
		High-quality child care deserts reflect inequitable access for parents in low-income neighborhoods			
Lack of Support	{	Lack of high-quality child care options further constraints access , particularly in low-income neighborhoods			
					
		Childcare workforce compensation and retention issues lead to high turnover and insufficient staff to meet capacity			
					
	{	Insufficient business support and technical assistance for child care providers to achieve sustainability and high-quality, particularly for home-based providers			
					

Background | Child care deserts in Harris County indicate child care gaps are most severe for low-income children ages 0-3 with working parents(s)



- Fewer than 33 quality child care seats per 100 children constitutes a quality deserts
- Approximately **105,000 low-income children** (ages 0 to 3) with working parents live in a quality child care desert
- Both home-based and center-based quality care is inaccessible for low-income Harris County families

See Appendix for list of most severe deserts

Background | City-County Working Group

A working group was convened and has met four times to develop recommendations for how to improve access to high-quality child care, particularly for low-income families.

The group has focused on three priorities:

1. How to match children with **unmet capacity at high quality providers in deserts**;
2. How to **improve quality of and provide technical assistance to child care providers**, both for centers and for home-based care;
3. How to **mitigate the child care subsidy backlog** and make the subsidy application process easier, faster, and more equitable for families.

Members of the working group took part in creating and refining these child care proposals. They will continue to convene and think through implementation, risk management, community engagement, and other crucial factors in making these child care policies successful.

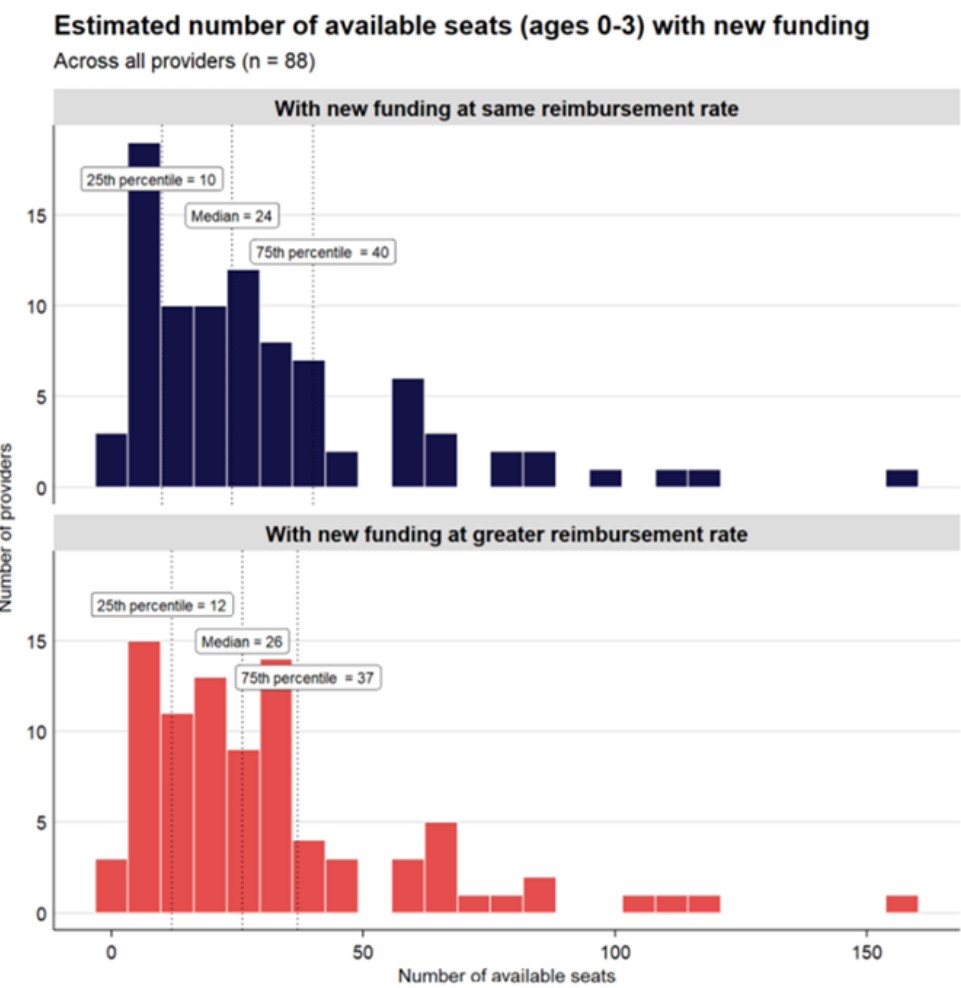
As part of this process, the working group also conducted a survey of high-quality (TRS-4) child care providers in Harris County. In the surveys, we asked providers about how much licensed capacity they have for additional children at various age levels and reimbursement rates. We used the responses we received to determine unmet capacity and staffing needs for facilities, particularly in deserts.

Working Group Representation

- Children at Risk
- First3Years
- Interfaith of the Woodlands
- Collaborative for Children
- Children's Learning Institute
- BakerRipley
- Community Preschools
- Baker Institute
- Texas Policy Lab
- Episcopal Health Foundation
- AVANCE Houston
- Childcare providers
- County staff
- City consultant (Steven Dow)

**non-exhaustive list*

Background| Survey of Local Providers



We learned that existing, high-quality providers have unmet capacity to serve more infants and toddlers because of systemic and COVID-related challenges



A survey¹ distributed to 168 **high-quality providers across Harris County** asked the estimated number of seats available for 0-3 year-olds at various staffing levels and reimbursement rates²

From the 30 respondents who are high-quality providers in the 20 highest-need child care deserts, there is capacity for **900 additional children**³

Available seats	Infants (0-17 months)	Toddlers (18-35 months)	Three-year-olds (36-47 months)	Total
With current staffing levels	70	138	268	476
With new funding at same reimbursement rate	168	263	470	901
With new funding at greater reimbursement rate	168	273	440	881

Additional questions	avg	median	total
How many additional teachers would you need to hire in order enroll the additional children?	5	3	139.5
What is the average hourly rate required to attract and retain these new teachers?	\$13	\$13	–

1. Working Group TRS-4 Survey Results
2. The amount they get paid for a child with a subsidy/voucher
3. Can assume at least 1k additional seats available by extrapolating to include non-respondents

Background | ARPA is an opportunity to stabilize child care during the pandemic while building a proof point for a better system in the long term

While the current child care system is broken...

Supply-demand gap for high-quality care is massive. Low-income parents cannot afford or access high-quality care

Workforce is in crisis. Childcare teacher shortage and turnover inhibits high-quality interactions

Subsidies fail where it matters most. High-quality providers can't operate in highest need areas

...ARPA funds for high-quality care can demonstrate progress



Targeted contracts can narrow gaps. A new payment mechanism can fund high-quality care for low-income children



We can tackle workforce compensation and retention. Contracts can require wage and benefit minimums



Public dollars can address market failures. Incentivize placement/expansion of high-quality providers in deserts

...proving that existing funding can tackle these challenges



Child care subsidy dollars can be used to sustain innovative payment mechanisms



Paying what it takes for quality is a game changer for children, child care workers and child care businesses



Child care subsidy dollars can **build high-quality supply** where it matters most

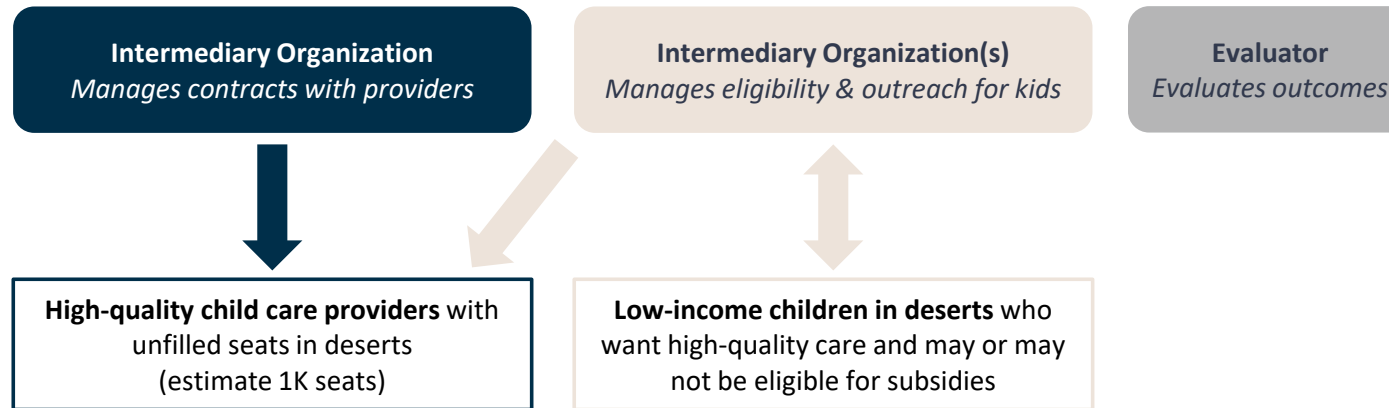
COVID-19 has exacerbated all of these, catalyzing the workforce crisis and decimating enrollment and revenue for already struggling child care businesses.

Proposed Solutions & Budget

Recommended Strategies

Strategy	Estimated Reach	Rationale
Funding and Filling Unmet Capacity in Child Care Deserts	~30 providers, 1K children/yr	Contract with high-quality providers in deserts, fund unfilled seats at state reimbursement rate plus a stipend for teacher raise & retention, to provide seats to low-income children. This will (a) help providers meet capacity and stabilize businesses, (b) help low-income children access quality care, and (c) pilot a contract approach to providing child care.
Quality Improvement and Support for Providers	80 providers, ~1,500 children	Fund organizations that provide quality improvement — including technical assistance and 1-on-1 mentorship — to 2- and 3-Star providers in child care deserts. This will increase access to quality seats for low-income children and give businesses the opportunity to stabilize.
Building Capacity of Home-Based Child Care Providers	Approx. 120 providers & 600 children	Create a support network for home-based providers to help existing providers build capacity, improve quality, register to accept subsidies, and maintain viable small businesses. This will give home-based providers essential supports and make more quality seats available to families who prefer home settings.
Child Care Subsidy Navigation & Technology	35K children per year	Improve access, efficiency, and ease of child care subsidy application process for Harris County families through investments in technological infrastructure (application & portal) and navigation services for parents. This will make subsidies more accessible and help families get their children in care more quickly.

Proposals | Funding & Filling High-Quality Seats



Scope: 1K students per year at ~30 high-quality centers in child care deserts

Outcomes:

- Expand high-quality child care in low-income areas
- Provide stipends for teacher hiring & retention
- Help high-quality providers stabilize
- Pilot “contract approach” to child care

Provide scholarships to >1,000 children ages 0-3 in target child care deserts¹

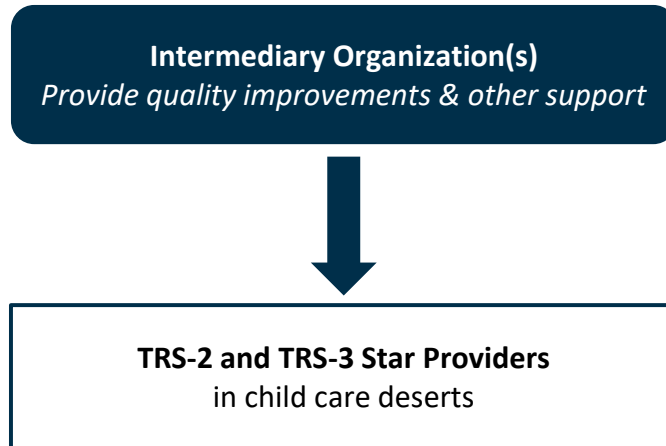
Contract with high-quality providers in those deserts to fill unmet capacity with these children

Use this fund to pilot a “contract” method for subsidizing care:

- Pay providers for a certain number of seats which will be filled by low-income children from that area
- Pay enough for providers to adequately compensate and retain teachers, which is essential for maintaining high quality

Up to three RFPs to solicit one organization that manages contracts with providers, one organization that manages eligibility and outreach to families, and one evaluator that can analyze outcomes and assess effectiveness

Proposals | Quality improvements & business support



Scope: 1,500 students in 80 two- and three-star providers in child care deserts

Outcomes:

- Existing providers in deserts receive the support and stabilization to raise their quality level
- Families in deserts have more choices for high-quality care in their area

Fund organization(s) that provide quality improvement, through:

- Technical assistance
- 1-on-1 mentorship
- Establishing professional learning communities (PLCs)

Assistance for up to 80 TRS-2 and TRS-3 star centers in child care deserts

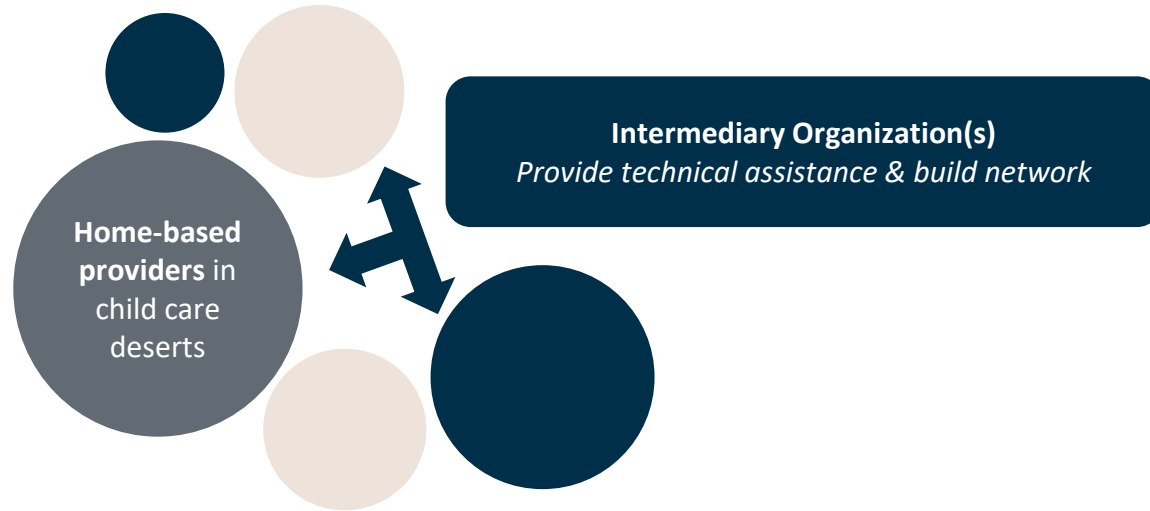
- 35 two-star providers to become three stars and 45 three-star providers to become four stars

Would include stipends for teacher hiring, training and retention for providers receiving quality improvements

- This will be crucial for stabilizing centers and helping them increase quality

Could also include cost for providing indoor and outdoor equipment, furniture, and other materials to providers

Proposals | Capacity building for home-based providers



Scope: 90 to 120 home-based providers (there are ~328 in highest need neighborhoods)

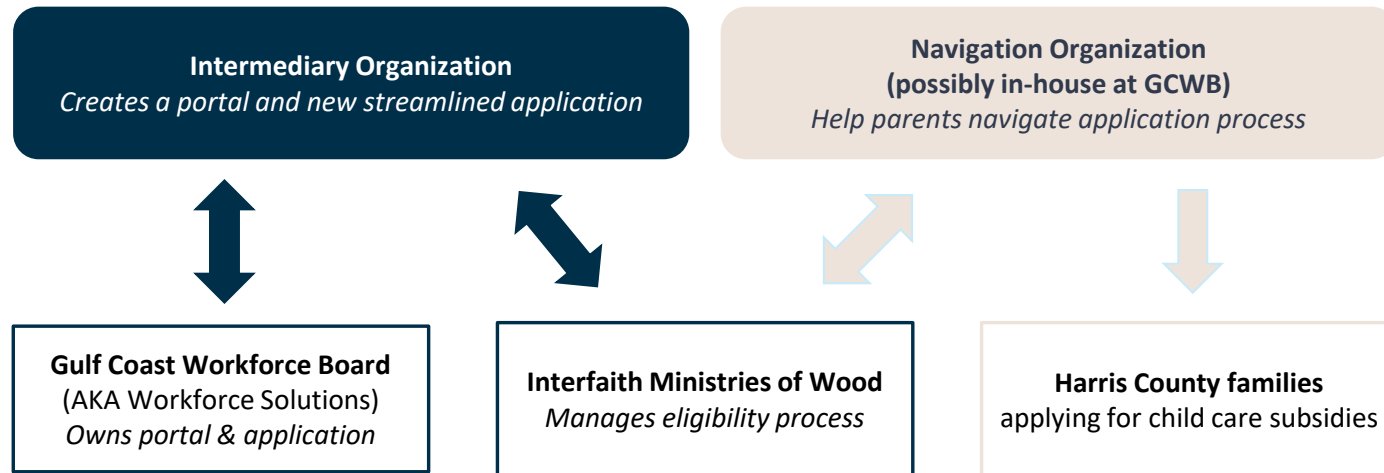
Outcomes:

- HBCCs, particularly in deserts, receive dedicated and tailored business support services and mentorship
- Parents in deserts have more quality, affordable home-based options

Fund intermediary organization(s) that provide tailored business supports specifically to home-based providers, could include:

- 1-on-1 coaching
- Technical assistance with taxes, funding applications, and outreach
- Building networks of providers that can support and learn from each other
- Helping providers register to accept subsidies and become quality rated through TRS

Proposals | Subsidy application process



Scope: ~ 9K children and their parents would benefit from navigation over 2 years; >35K kids who receive subsidies would benefit from an improved application & portal.

Outcomes:

- Tens of thousands of children receive care more quickly
- Families are not required to completely re-apply each year




































Technology

- Fund a web-based portal to replace the current subsidy application system which requires families to submit entirely new applications every year, is very unwieldy and confusing for families, and doesn't allow families or eligibility workers to update information
- According to both Gulf Coast Workforce Board (GCWB) and Interfaith Ministries staff, a portal would greatly ease and expedite the process for getting children into child care seats, mitigating the backlog and allowing parents to get (back) to work sooner

Navigation

- Fund navigation to coordinate with eligibility staff and help families through the subsidy application process until their child is in care
- This would expedite the process and make it easier for non-English speaking and less tech-literate families

Addressing the problems

		Fund and fill unmet capacity	Quality improvement in deserts	Home-based child care support system	Portal & navigation for subsidy process
Addressing system flaws	Backlog and inaccessibility of the child care subsidy application process	  			  
	Unmet capacity at high-quality providers in deserts	   			  
Access to care in deserts	Childcare deserts , particularly in low-income neighborhoods	 		 	
	Lack of high-quality child care choices, particularly in low-income neighborhoods	 	 	 	
Business & worker support	Childcare workforce compensation and retention issues	  	  		
	Insufficient business support and technical assistance for child care providers		  	  	

Source: Harris County ARPA Early Childhood Focus Group

Appendix | Background

Background | Why Quality, Affordable Child Care Matters

Child care is the second most expensive item (after housing) in the family budget. If they cannot afford quality child care, families might:

- Have to apply for subsidies which, if they are even eligible in the first place, mean a long wait for getting kids in care
- Pay more than they can afford, cutting back on savings or other necessities and possibly incurring debt
- Go without child care which leads to a lack of school readiness
- Modify work schedules or have a parent stay at home which leads to reduced income and often to the loss of work-related benefits (including child care subsidies)

Child care has been identified as a main barrier to returning to work, especially for mothers

- Women are 2x more likely than men (14% vs. 7%) to decline a promotion or new job in order to provide child care
- White non-Hispanic and Hispanic mothers are more likely to have dropped out of the workforce if there was no other working-age adult in the household

Quality Matters

- Less than half of kindergarteners in Harris County were found to be “Kinder-ready” (47%)
- Children who participate in a high-quality care program have higher IQ levels, greater economic success and lower incidences of chronic illness

Background | Child Care Deserts in Harris County

The gaps are most severe for low-income children (ages 0-3) with working parent(s)

<5 seats per 100 children	High-need neighborhood	Estimated number of eligible children	Median neighborhood SVI
	Pasadena	4788	0.78
	Alief	4570	0.81
	Greenspoint	3088	0.90
	Spring Southwest	2676	0.75
	Northside / Northline	2436	0.78
	Five Corners	2100	0.75
	Baytown	1810	0.75
	Eastex / Jensen	1615	0.90
	Aldine West	1608	0.68
	Aldine Northwest	1502	0.62
	Brays Oaks	1184	0.66
	Spring Branch West	1154	0.54
	Channelview	1097	0.64
	Westchase	1088	0.55

There are 20 neighborhoods in the County that are high-need areas in multiple ways:

- High supply-demand gap
- High social vulnerability (SVI)
- High density of low-income 0-3 year olds

5-15 seats per 100 children	High-need neighborhood	Estimated number of eligible children	Median neighborhood SVI
	Sharpstown	2865	0.82
	Gulfton	2377	0.90
	Golfcrest / Bellfort /	2062	0.82
	Reveille		
	Mid-West	1589	0.52
	Sheldon	1233	0.64
	Westwood	1066	0.92

Background | Child Care Workforce

Child care worker wages (May 2020)			
Metropolitan area	Employment	Hourly mean wage	Annual mean wage
New York-Newark-Jersey City, NY-NJ-PA	51,860	\$ 15.29	\$ 31,810
Los Angeles-Long Beach-Anaheim, CA	16,050	\$ 16.49	\$ 34,290
Dallas-Fort Worth-Arlington, TX	14,960	\$ 11.97	\$ 24,910
Houston-The Woodlands-Sugar Land, TX	12,150	\$ 11.23	\$ 23,370
Chicago-Naperville-Elgin, IL-IN-WI	11,630	\$ 13.37	\$ 27,820

Other Personal Care/ Service Occupations in Houston area	Hourly mean wage	Annual mean wage
Animal Trainers	\$15.55	\$32,350
Exercise Trainers and Group Fitness Instructors	\$22.62	\$47,040
Dressing Room Attendants	\$14.02	\$29,150

The child care workforce faces the dual and related challenges of **low wages** and **high attrition**:

- The median hourly wage for Houston-area child care workers was \$9.96 in 2020.
- Preliminary analysis shows that between 1997 and 2019, on average 76% of workers* that started a job in the child care sector in Texas left the sector within a year.
- \$29/hour is considered a livable wage in Harris County for 1 adult & 1 child
- 56% of child care workers in Texas are on public assistance and are disproportionately women of color

*This is not for all child care workers between this time period, but for the specific cohort of those born between 1980-89. This cohort was selected in order to access demographic data from TEA.

Background | Child Care Subsidies

The federal government subsidizes child care for working, low-income families through the Child Care and Development Fund (CCDF). **These funds are disbursed by state (Texas Workforce Commission) and local (Gulf Coast Workforce Board) entities, and they go directly to child care providers.** In the 13-County region, Interfaith of the Woodlands is the contractor processing applications and determining eligibility.

To be eligible, parents/caregivers must be:

- Looking for a job, working at least 25 hours per week, going to school full-time, or working and going to school combined for at least 25 hours per week and
- Have a family income at or below 200% of Federal Poverty Guidelines.
- To demonstrate eligibility, parents must provide proof of: Gulf Coast region residency, US citizenship/residency, child's age, family income (13 weeks of pay stubs), and parental school attendance.

Average number of children served annually 2018 through 2020: 34,630 children of all ages and 28,059 ages 0-5

- In 2020, an estimated 16,030 new applications were submitted from Harris County families (does not include parents submitting their yearly recertification application).
- Members of the City-County Working Group have estimated ~9K children have pending applications and certification (time from application to getting reimbursed care) is taking 4-6 weeks.

Workforce Solutions estimates that nearly half of all applications are initially rejected, primarily for lacking all the necessary documentation. This causes delays for parents trying to place their child in care.

Eligibility contractors attempt to call/text parents to notify them of their missing documents. If parents are unable to upload missing documents or correct errors, their application is rejected. Ultimately, one-third of submitted applications are rejected because parents were ineligible, or they were unable to complete the application.

Background | Build Back Better (BBB)

The Build Back Better Act includes \$400B in child care provisions which could bring funding to Texas. If the Act passes Congress in its current form, it will:

- Provide enough funding for child care subsidies to ensure that parents pay no more than 7% of their income in copays for care
 - This is set to go through the current subsidy process (Federal Government → Texas Workforce Commission → Gulf Coast Workforce Board → child care providers)
 - There would be a phase-in, where lower income families would be eligible first for these new subsidy dollars, then higher income families would become eligible
 - The funding would end after 2027
- Funding would also be allocated to Texas (if the state accepts it, there may be an opt-out like with Medicaid) that would go towards quality improvement and creating new child care seats across the state to try and meet the increased demand from families who will be receiving the subsidies

The proposed strategies in this presentation would not be duplicative if BBB is ultimately passed, instead, they would set the stage and help prepare Houston and Harris County for the funds that we might receive

- If thousands more families become eligible for subsidies through BBB, having navigators and an accessible application process will be essential for processing those families and quickly getting them care
- Having more quality seats available will give parents more (and better) options
- Stabilization and support for child care providers will help ensure we have a stable supply of seats for when more families enter the market

Background | Best Practices & Resources

Contract system for subsidized childcare

- Pennsylvania: 2018 infant and toddler contracted slots pilot [evaluation](#)
- Administration for Children and Families “[Using grants and contracts to build and stabilize supply.](#)”
- Oregon: 2012 contracted slots pilot [evaluation](#)

Quality Improvement & workforce stipends

- [WAGE\\$](#) program in [NC](#) and [FL](#)
- [MN R.E.E.T.A.I.N.](#) wage supplements (see appendix C for list of 16 similar wage supplement programs)

Home-Based Childcare Networks & Supports

- [National Research on Family Child Care Networks](#)
- Urban Institute [overview](#) of HBCC obstacles and network opportunities
- All Our Kin (HBCC quality support network) [study](#)

Subsidy navigation or portal

- [Bloom Works and CT Office of Early Childhood](#)